

Testimony in Senate Local Government committee

Noon

Wednesday, Feb. 22, 2011

Gov. Steve Beshear

I appreciate the opportunity to come here today to ask you to vote for the committee substitute to Senate Bill 151, which allows the people of Kentucky to decide whether we pursue expanded gaming in this state.

First let me say how much I appreciate the commitment of Sen. Thayer, Sen. Palmer and others who have put aside political differences to work with me on this issue.

As Sen. Thayer himself has acknowledged, we've disagreed philosophically and strategically on many issues over the years, but on this issue – letting the people decide on expanded gaming – we agree that the path forward is clear and correct.

This bill has considerable support – across both parties, across branches of government, across traditional urban and rural lines, and across geographic distances.

As you well know, this issue has been on the table for almost 20 years in Kentucky.

Almost 20 years.

We've listened to two decades of debate, discussion and discourse on various forms of expanded gaming – but we've either been unable or unwilling to settle the matter.

We've hemmed and we've hawed as states around us have pushed forward.

All the while, hundreds of millions of dollars in Kentucky money is pouring across our borders into neighboring states.

... and all the while our equine industry – one of our signature industries – is being weakened by gaming-fueled competition in other states.

The people of Kentucky are weary of this indecision.

People on both sides – those who support expanded gaming, and those who oppose it – want this issue settled, once and for all.

And they have made it abundantly clear that they want to be the ones to settle it.

Voters have said repeatedly that they do not want to leave this decision in my hands, or – honestly – in your hands, our 138 members of the General Assembly. They want it in their hands.

You've seen the numbers.

Two statewide surveys were conducted in December -- one by race tracks and one by the Kentucky Republican Party.

In one survey, 87 percent of Kentuckians demanded the opportunity to vote on a proposed Constitutional amendment to allow casino gambling -- including 71 percent of those who said they would vote *against* it.

In the other survey, about 80 percent of Kentuckians said the issue should be decided at the polls.

Now, as elected officials, you know that if you can get 80 percent of people to agree on anything, that's not a mandate, that's an avalanche.

The question here is whether we're going to listen to the people, or whether we're going to ignore them.

The legislation proposes a Constitutional amendment that does two things:

One, it asks whether the people support letting the General Assembly authorize casino gambling at up to seven locations in Kentucky, either at licensed horse-racing tracks or at casinos located at least 60 miles from any track.

This is different from the original legislation, and it represents one of a few changes we made in response to concerns from legislators.

And two, it mandates in a general way where tax revenue from expanded gaming would be spent -- and those areas are job creation, education, human services, health care, veterans programs, local governments, public safety and support of the horse industry.

As we all know, Kentucky's horse industry -- one of our signature industries -- is under attack by other states.

This is an industry with a \$4 billion economic impact, which employs some 75,000 to 100,000 Kentuckians.

This is an industry worth supporting.

This is an industry worth keeping.

It's part of what defines Kentucky.

Other states are using gaming earnings to boost purses and breeders' incentives to lure race horses, brood mares and stallions away from the Bluegrass State.

Most of the details – where to put the casinos, and how to tax them -- will be left up to the enabling legislation that would be put together further down the road ... should the legislature approve this bill, and should the people approve the gaming amendment.

I support this legislation not because gaming is an end unto itself.

... but because it's a mechanism that will allow us to keep at home the hundreds of millions of dollars of Kentucky money now being spent in other states.

I know all of you have seen the recent economic analysis. It estimates that Kentuckians spent \$451 million in casinos in neighboring states in 2010.

\$451 million.

That money, after it's taxed, is being used to pay for all kinds of services and public infrastructure in those states.

As it stands, we might as well be backing trucks up to the Ohio River and dumping our people's money into its waters.

We need to keep that money at home.

That same analysis estimated that, at least under one scenario, the expansion of gaming in Kentucky could bring in \$266 million in one-time license fees ... and an additional \$377 million in tax revenue annually into the General Fund.

Those are significant dollars, and they are much needed in the Commonwealth of Kentucky.

Think of what we could do with this money.

You saw the budget I proposed, and the deep and damaging cuts it includes.

While I did as much as I could to protect priorities like education, job creation, public safety and health care for the vulnerable, this budget – with its 8.4 percent cuts to many agencies – represents a retreat from those priorities.

Lack of revenue is hurting critical programs and services. It's holding Kentucky back from reaching its potential.

With this legislation, we can begin the process to help us reach that potential.

Now, I'll be happy to answer any of your questions.

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